



**SPECIAL MEETING OF THE COMMON COUNCIL  
MIDDLETOWN CONNECTICUT  
JANUARY 5, 2015**

The Special meeting Questions to Directors of the Common Council of the City of Middletown was held in the Council Chamber of the Municipal Building on Monday, January 5, 2015 at 6 p.m.

**Present**

Mayor Daniel T. Drew Deputy Mayor Robert P. Santangelo and Council Members Thomas J. Serra, Mary A. Bartolotta, Hope Kasper, Carl R. Chisem, Gerald E. Daley, James B. Streeto, Sebastian N. Giuliano, Sandra Russo Driska, Deborah Kleckowski and David Bauer; Sergeant-at-arms Police Chief William McKenna; and Common Council Clerk Marie O. Norwood.

**Absent**

Deputy Mayor Robert P. Santangelo; Council Members Grady L. Faulkner, Jr., and Corporation Counsel Daniel B. Ryan.

**Also Present**

Public Works Director William Russo, Finance Director Carl Erlacher, Acting Director of IT Eldon Bailey, Water and Sewer Director Guy Russo, Parking Director Geen Thazhampallath, City Attorney Brig Smith, Deputy Chief of Police Michael Timbro, Acting Parks and Recreation Acting Director Deb Stanley, Tax Assessor Damon Braasch, Fire Chief Robert Kronenberger, Deputy Director of Communications Joseph Kronenberger, Planning, Conservation and Development Director Michiel Wackers, Director of Human Relations Faith Jackson Arts Coordinator Stephan Allison, City and Town Clerk Linda Bettencourt, Emergency Management Director George Dunn, Russell Library Director Arthur Meyers, Youth Services Coordinator Justin Carbonella, Joseph Samolis Administrative Aide to the Mayor and ten members of the public.

**1. Mayor calls meeting to order at 6 p.m. for Questions to Directors Workshop.**

**(Pledge of Allegiance)**

The Chair calls the meeting to order at 6 p.m. and leads the public in the Pledge of Allegiance.

**(Council Clerk Reads the Call of the Meeting and Mayor declares call a legal call and meeting a legal meeting.)**

The Chair declares the call a legal call and the meeting a legal meeting.

**2. Questions to Directors Opens**

The Chair opens questions to Directors at 6:02 p.m. and recognizes Councilwoman Kasper. She asks for General Counsel to come forward. Attorney Smith comes forward to discuss the development on Broad and College Streets and states a resolution requires Redevelopment Agency approval. He discusses their role in the issue and tax abatement on the third phase of the Middlesex Mutual project. We need the Redevelopment Agency approval but there is no indication when it has to occur. You want it done before the certificate of occupancy

**Noted for the Record**

Councilman Serra takes his seat at 6:05 p.m.

Councilwoman Kasper asks if they can do residential units. Attorney Smith states one is zoning and one is taxes. It is B-1 and zoning allows residential units. He confirmed it with the Director of Planning. Councilwoman Kasper states she would like a copy of that. Attorney Smith states 12-65B, the taxing statute is different because it looks at use. It is commercial use for tax purposes even if it is residential for zoning purposes. The taxing statute defines it as commercial. Regarding the Phase III abatement and he confirmed with the Assessor and no abatement was ever received for the third phase. It would have had an abatement but development never happened so there was no abatement. Councilwoman Kasper asks about the bargaining contract and we are hiring the individual as a pay grade for all hires starting as step 1; if there is a change how does that happen. Attorney Smith states past practice is the mayor can offer greater than the contract. Councilwoman Kasper asks if they need an MOU to change the contract. Attorney Smith states it has been done for open, competitive positions and they have not heard anything from the Union because they are offered more than what is in the contract. Councilwoman Kasper responds that if it creates a financial impact it should come to the Council.

Councilman Daley asks Attorney Smith can you walk us through how this project on the corner of Broad and College relates to the previous agreement with Middlesex Mutual. Middlesex Mutual had a tax abatement agreement with three phases of development with a third phase that never materialized and council action that affected that but I don't see a connection between the current development and that agreement. Attorney Smith states the triggering event never occurred. The third phase had an opt out provision and there was a dispute as to whether Middlesex Mutual properly opted out and an agreement was reached that they opted out appropriately and set an agreement for future agreements for development. Councilman Daley for Middlesex Mutual. Attorney Smith states we are talking two entities and they are different, but the point the Majority Leader and Councilwoman Kasper had me look at, the question was whether the third phase tax abatement was ever given and that is no. Councilman Daley does the Redevelopment approval applies to the new developer. Attorney Smith responds yes; the agreement that was reached was the redevelopment agency approval and the use restrictions and he believes that is part of the assignment of interest from the prior entity to the current entity and that survives. It has been recorded on the land records. Councilman Daley states your recollection is that the requirement for Redevelopment and the agency has not been fully active for some period of time, we could fulfill that requirement any time prior to the certificate of occupancy. What happens if the Council approves it and redevelopment agency disapproves it or other regulatory agency requirements. Attorney Smith states you have all the conditions and they are done and Redevelopment says no, then it would be the end of it. Councilman Daley states the action before us is authorizing the Mayor to exercise the agreement with Hajjar management and the agreement would have conditions. Attorney Smith states it is necessary but not sufficient.

**Noted for the Record**

Councilman Giuliano takes his seat at 6:16 p.m.

Councilman Bauer asks for Carl Erlacher, Finance Director. Councilman Bauer asks one of the vestigial things is agenda item 9, the payment of all city bills properly approved is having the funding in place, the propriety for paying something. Mr. Erlacher agrees. Councilman Bauer states you have responsibilities to pay or not pay something if there is no funding. Can you help me understand to pay for an employee that has no funding, what is the obligation or responsibility. What approval do you have to let it go. Mr. Erlacher states they caught the situation and that is why it is in front of you. Councilman Bauer asks what makes issuing the check properly approved for your office. Mr. Erlacher replies they have to have funding in place in a specific line item. Councilman Bauer states the Council has approval of what is in front of us. Mr. Erlacher responds that is why it is in front of you. Councilman Bauer asks have checks been issued. Mr. Erlacher replies there is funding in the line item, but not in the specific line item. If there is a dollar, we let them transfer, but it was a zero so it is up to the Council to approve the financing. Councilman Bauer asks about rules for transfer in salary lines. Mr. Erlacher replies it is our finance rule. They can transfer to a line, but not from a line. Councilman Bauer states there is an unfunded position. Mr. Erlacher replies we discussed this at Finance. We hashed it out at Finance for two hours. Councilman Bauer asks what is the mechanism. Mr. Erlacher replies a position was offered to a person to be hired, but it needs a transfer to fund the line item. It is your job to determine if you want to fund that position. Councilman Bauer states what I am not understanding is your job if there is no money in the line, how do you authorize payment. Mr. Erlacher replies you have been made aware of the situation. We need money to pay the individual. Councilman Bauer states maybe I don't understand. Mr. Erlacher replies you know what happened; a position was hired without funding in the budget and you need to put funding in place. Councilman Bauer asks how did checks get issued. Mr. Erlacher responds they have money in the line itself.

Councilman Giuliano asks Mr. Erlacher on a different subject with the grant confirmation and approval, there is item G, Mayor's Office. How is this grant. Mr. Erlacher states there was a grant or donation we treat as a grant. Councilman Giuliano states we received more funds and why it is not money in and then an appropriation. Mr. Erlacher states it says a donation, but we did send an invoice. Councilman Giuliano asks is it a donation or payment. Mr. Erlacher states he treated it as a paid invoice and the rest we accept via grant or resolution. Councilman Giuliano states once it is received does it now go to the undesignated fund line. Mr. Erlacher responds if you approve the grant it will be in a separate revenue line. Councilman Giuliano asks what happens, does it have to come back to us. Mr. Erlacher states it would be an appropriation or a transfer to the contingency from another line. Councilman Giuliano states I am not comfortable with that. It should be dealt with as an appropriation if we are spending it. Mr. Erlacher states it would roll back to undesignated fund balance. There are certain lines in the budget like the Mayor's contingency fund. Giuliano states the contingency fund is set by the budget. Mr. Erlacher states he could write a donation from the contingency fund line. Councilman Giuliano states he can write it from contingency, but the money would not go to automatically back to that line unless the Council gives it to that line.

Councilman Daley states the name for the grant is the Martin Luther King Scholarship Fund and is the revenue line specifically for the MLK Scholarship Fund. Mr. Erlacher states he would have to check on the grant line. Our revenues starting with 2 are donations. Councilman Daley states it might be set up already. The other question I have and I don't have a problem with this and it could come back as an appropriation, the other question relates to Councilman Bauer's question. Am I correct that there is a line item 110 and within that line item there are sub lines for specific positions. The line was zeroed out but the line item was not eliminated and that was not done so the line item exists and I understand in practice what has been done if there is \$1, it gives the director the ability to transfer money into it; is there something to prohibit the transfer of funds into a line item with a zero balance. Mr. Erlacher responds no but if you left \$1 you wanted to hold the position, but you zeroed it out so

the transfer would have to be brought to you. Councilman Daley is that a new practice. It is only the last few we leave \$1 and I thought it was ridiculous. We used to eliminate the line item. Mr. Erlacher states after another year with 0, it would be eliminated. Councilman Daley states to address the questions, nothing improper have occurred because there is money in the 110 line item. Mr. Erlacher responds yes; if there is an error, I wanted you to be aware of it. Councilman Daley states since then, the Mayor and Mr. Wackers have admitted the mistake and since then, things have been put in place to avoid this situation. Mr. Erlacher replies yes.

Councilman Streeto asks about the grant funding arose because Wesleyan gave us a check more than the costs associated with the expenses. A check is going to a scholarship foundation and Martin Luther King Day is coming up. Mr. Erlacher responds yes. Councilman Streeto asks if fund raising during this time and at events would be appropriate. If we delay this, we can't give them a check for Martin Luther King Day. Mr. Erlacher states if you don't act on it tonight, that is correct. Councilman Streeto if someone wants to give us funds and not for tax revenues and our attitude should be grateful and acceptance. Mr. Erlacher states under normal circumstances.

Councilwoman Kasper states you mentioned the salary line item and was there additional monies in the insurance benefit line item. Mr. Erlacher states we are self-insured. Councilwoman Kasper states there is money in there for each employee predicated on number of employees. Mr. Erlacher responds it is predicated on claims and we budget for the next fiscal year. Councilwoman Kasper states if we had a bad year, the answer would be no. Mr. Erlacher states correct. Councilwoman Kasper states the letter from Wesleyan is for public service and part of that is going to the Police Department and we would need an appropriation to get it back into their funds or use the private duty arrangement we have. Mr. Erlacher states for private duty we keep revenue and expenditures separate; this was a different situation. What I did was deposit the \$7,400 in their expenditure line to reimburse them so it does not hurt them. Councilwoman Kasper states when money goes into a revenue account, don't you need an appropriation to get that money out. It is over what was adopted by the budget. Mr. Erlacher states a normal private duty event, we would bill out; this is for an extraordinary event and it went into the line to cover the costs that is why the only grant confirmation is the \$2,400. Councilwoman Kasper states anyone can make a donation and it would go into a budget line item. Mr. Erlacher states that is not what I said; this is an extraordinary event. Councilwoman Kasper states anyone can make a donation to a department and it would be accepted without our approval. Mr. Erlacher states that is not what happened here. The institution reimbursed the funds and the additional funds you can do with it what you want. Councilwoman Kasper states we should have dealt with the entire \$10,000 as an appropriation. Mr. Erlacher states Wesleyan did not hire us for a private duty event. It was something that took place out of the ordinary. They reimbursed us for that event and the additional funds are going into a revenue account where you can do with it what you want. Councilwoman Kasper states it should have been done a different way. She believes it would be deposited to the General Fund and to remove the money, it would have to come here as an appropriation request. Mr. Erlacher states it was deposited to the General Fund account and used for those expenditures.

Councilman Serra states it is not unlike Kleen Energy. They paid us for services. This was an emergency. He states he will support this; as far as he is concerned, this is no different from Kleen Energy. This was an emergency. He understands your explanation to Councilwoman Kasper. Mr. Erlacher states what happened with Kleen Energy it was private duty. Councilman Serra states this was an emergency. It should have been done the way Councilwoman Kasper suggested. He will support it, but it will be discussed. He asks on the Environmental Planning, was this done before. He doesn't recall this. Mr. Erlacher states in his career there has not been a line item with zero in it that has been filled; it has been done when there is a dollar left in it and transfers were made into it. Councilman Serra states it was the Council's decision not to fund. Mr. Erlacher states there have been transfers in department's budget when one position was vacant and we allowed a transfer to another position. The council appropriated a zero. Mr. Erlacher responds that is why it is here. Councilman Serra states it is an awkward way to do this. Mr. Erlacher agrees. Councilman Serra states Finance and Government asked the questions, but this has not been done in the past. So another inappropriate item. Mr. Erlacher states when there have been positions vacant in the department, we had a transfer into the line with a dollar or more. There has been a transfer; in this case it was a zero. Councilman Serra states you were paying this person. Mr. Erlacher responds as soon as we got the change order. Councilman Serra states this is awkward; you have something in place so it doesn't happen again. Mr. Erlacher responds yes, now. He thanks Mr. Wackers and Mr. Erlacher for the information they have given them relative to Middlesex Mutual and this situation as well. They want to know in terms of the Environmental position that the budget hearings and adoption that Mr. Sipperly was to help with whatever activities they needed in Planning and that is the reason for no dollars in the budget. We were not saying we don't need environmental services. Mr. Erlacher cautions the Council to make sure it is in his job description and it is worked out with the Union if that is what the Council wishes. He is not sure of what the description says. Councilwoman Kasper states she did during the budget process; she was told that his duties are greater than the one in Planning. It wasn't that the responsibility would be different.

Councilman Giuliano has one question for Mr. Erlacher. He asks about the existence and nonexistent line items that have been zeroed out. When the Council adopted the budget on May 12, 2014, it put zero in the line item. Does the line item exist or because we put zero in it would I not find it. Mr. Erlacher states it is in your budget because you have a comparative budget because it shows the expenditure for last year. There was a zero dollar for this year so you would see it in the City's budget. If you are looking at a single year posted, then you would not see it. Councilman Giuliano in this year's budget on its own, I won't find that line. Mr. Erlacher states that is correct.

Councilman Chisem asks to address questions to General Counsel. Attorney Smith comes forward. Councilman Chisem asks on the position, in not doing something, could there be consequences for the City. Attorney Smith states from a strictly legal liability, there could be. Councilwoman Russo Driska states whether or not this job can be done by someone else in the City, would it require negotiation. Attorney Smith responds it would. It is a Teamsters versus 466 position and it complicates the issue. Councilwoman Driska states besides a possible legal complication, there are Union logistics that need to be worked out and we are not sure they will happen. Attorney Smith states yes.

Councilman Serra asks for Michiel Wackers, Director of Planning, Conservation, and Development. Councilman Serra asks about the negotiations for Broad and College Streets was any consideration given for the former abatement. Middlesex Mutual had an advantageous advantage with this going to the next entity. Was that given any thought to the Middletown taxpayers. He is talking about the building permit was waived, the purchase price the City put in with the State and the abatement as well. The third thing was the parking spaces allocated to the public, but Middlesex Mutual takes the revenue. It is benefit, benefit, benefit; where does the City stand. His point is, was that considered. Mr. Wackers states this did come up at the eleventh hour; Hajjar saw the original deal done and the waiver of the building permit fee and they asked if they can get that. The Mayor already had an agreement with them and it was advantageous for Hajjar and Middletown. It gives the city more revenue from day one as opposed to the 1987 deal. He shows graphs on the two deals. The Middlesex Mutual deal shows based on the revenue and cost and the City did not get ahead from the 1987 deal but if you do the same comparison with the current deal, it is a net benefit for Middletown. Councilman Serra states we benefit at the end of the deal but you just demonstrated with your graph what he has been talking about. He again publicly thanks Mr. Wackers for all the information he has gotten for him. Mr. Wackers states these are deals that we have to craft that help the grand list. We are trying to accomplish in their best interests as well and this will ultimately benefit the grand list. Councilman Serra asks if there is flexibility with this developer. He would like to see it happen and keep it fair across the board. He knows this may be postponed because of questions. He would like this to happen but he wants it to be fair. Mr. Wackers states as of today it would be a challenge. We have struck a deal in the interests of the taxpayer and the developer. His bigger concern is the opportunity to have a \$20 million investment in downtown and others are watching this and seeing if Middletown is open to business. Councilman Serra states yes, easy or not and that is why he is saying fair. This has to go back to Redevelopment and this can come back to us in one month.

Councilman Giuliano asks what assurances does the city have the project will go forward in the form that has been shown to us. Mr. Wackers states in the memo I sent, the developer laid out the units, rents, retail space. By ordinance you have to have an agreement signed by the Mayor and the resolution talks about giving him authorization to codify if you adopt the resolution and it requires a recapture clause in case of lack of performance as well. At what point does our right to recapture trigger. Today we have no right to do anything. If this is approved do we have the right to the recapture clause. Mr. Wackers states if you agree, then they will right the agreement. Councilman Giuliano responds then the answer is no. By approving this tonight, the applicant is under no obligation to do anything tomorrow. Mr. Wackers responds if the applicant doesn't do anything, then there is no benefit. Councilman Giuliano asks why they are in a rush to approve this. Mr. Wackers states to get the deal approved and allow the Mayor to execute an agreement. Councilman Giuliano responds that the ordinance states there should be an agreement and what is before them is not an agreement. Shouldn't there be an agreement first so we know what we are approving. So far we are approving pretty pictures and pie in the sky projections. He doesn't want to face what was represented for the tax abatement is not what ends up being built. We have seen it before. It is a risk he is not willing to take. I think these; first off it qualifies for an abatement and he doesn't know if any council will turn one down if there is a reasonable reason to grant one. He doesn't know of any that the Council has not granted. Approving an abatement as embryonic as this, it encourages someone to come forward and get their bennies from the city and flip it over to someone for a great pay day. We need to be farther down on the check list. We should not be the first stop. The Chair asks if he has a question. Councilman Giuliano responds a one month postponement is not unreasonable. The Chair states now is not the time to debate the issue, do you have a question. Councilman Giuliano asks if there is any prejudice to the developer by postponing this as Finance and Government Operations Committee is recommending. Mr. Wackers states two items: first is the developer wanted the opportunity and he wanted. Councilman Giuliano states he asked if there was any prejudice and wants to make sure the director understands his question. The Chair asks that the Councilman let the director finish the question. Councilman Giuliano states let me ask the question. The Chair states you have multiple times. The Chair gavel the Councilman and asks the director to respond. He states the developer wants to make the spring construction season and wants the tax agreement in place. The biggest challenge in Middletown right now for a project like this is the taxes. They won't put residential housing downtown unless Middletown is at the table. The second item, yes we are talking a tax abatement but ultimately the actual costs to the City today is a graph that you can't see the red. In the scope of things it is 1% or less overall investment for the City. To make the numbers work they need the city to participate and in an effort to show we are encouraging development downtown and growth in the grand list, this is an opportunity to keep it moving forward. I understand the need for additional information, but for the actual cost of our investment \$18,000, I don't know if postponing is worth it. Councilman Giuliano states they have to do a lot of things. They need to get zoning approval, site planning review. The Chair asks if there is a question. Councilman Giuliano responds yes and he can ask it in his own way. The Chair responds no, you can't; we are going to adjourn this meeting and reconvene and you can have the floor when we do.

**Meeting Recesses**

The Chair recesses the meeting to begin the 7 p.m. meeting.

**Meeting Reconvenes**

The Chair reconvenes the questions to directors meeting at 7:13 p.m.

Councilman Giuliano asks if other steps have started for this project. Mr. Wackers states the first step is to see if financing is in place and the other items redevelopment agency is not time critical for spring construction. Councilman Giuliano states we never have said no to an abatement on a decent project. This is an undeveloped project and the council felt it was too early and he gets the same feeling now. It looks to be impressive, but there are a lot of things that have to happen. Mr. Wackers states it is scheduled for P and Z and we had a departments meeting Dec. 19 and they are reviewing it with the developer and a revised set of plans was submitted last week and they are on track for P and Z next week and with approval with the Council tonight and P and Z next week puts the project on line to start in the Spring. Postponing it, you miss out on construction season.

Councilman Bauer wants to understand the concept of this project; you stated that phase I and II go back to the late 80's. Mr. Wackers states that is the MMA project and this project is a distinct project. Councilman Bauer states this is to construct apartments. Mr. Wackers states a mixed use of 89 apartments and retail on the first floor. Councilman Bauer states there are other programs that the City is willing to partner for retail buildings on Main Street with second and third floors and would we partner with those owners to create residences in Middletown. Mr. Wackers states policies to do that are in place. Councilman Bauer states there are policies and we have to make an investment and would we be able to partner with current buildings on Main Street. Mr. Wackers responds the investment is fixing the tax assessment; there is no check from the general fund. Councilman Bauer states we have policies to improve buildings on Main Street for residences. Mr. Wackers states they are encouraging that. Councilman Bauer states the parcel, the first development was about jobs and much is made of the prestige of expensive apartments in Middletown; have you tried to pursue this parcel for offices. Mr. Wackers states there is an item on the agenda tonight to put jobs on Middle Street in Middletown. Councilman Bauer states in downtown. Mr. Wackers responds in Middletown. Councilman Bauer states this was crafted over 25 years ago as a project to create office space and why aren't we pursuing that. Mr. Wackers states it will create jobs. It will bring new households. To hire more people, you need a deeper market. This will have a direct impact on that. Councilman Bauer asks what the demographic is for these apartments. I am afraid Wharfside Commons was to be something else; why should I be confident with the verbal promises coming to fruition. Mr. Wackers responds Wharfside Commons was affordable housing and is a far cry better than what was there before. It is the workforce housing for downtown and it is decent and affordable, but downtown has an imbalance of housing that is primarily subsidized. To create diversity, we need to create this type of housing. The income range would be between \$50,000 and \$110,000; in August they looked at the results of marketing study and it said there is a need for these types of units. They are seeing this around the state and there was an article about this type of housing on the front page of the Courant. Councilman Bauer asks how come the developer doesn't recognize us. The developer is not asking us to buy land or subsidize rent. In order for this to work, he needs a tax abatement. The Council has heard the recent grand list evaluation has been a challenge and it is faced by anyone who wants to develop in Middletown.

Councilman Daley asks about Councilman Giuliano's points that there are a lot of pieces and approvals for this to come to fruition and that has been true of many development projects. Isn't the first step some action by the Council. Mr. Wackers responds it is a vote of confidence. Councilman Daley asks if it is true generally speaking to attract private development, they need something in place to get their financing. Mr. Wackers states yes; they look at how the project would work and it needs the City's participation to work. Councilman Daley states he can't recall when the first tower was completed. Mr. Wackers replies 1982. Councilman Daley states it was after Aetna came to town. A lot has changed since the late 80's and 90's. Mr. Wackers states a corporate office is challenging and that is one of the reasons the lot is vacant. Councilman Daley states we aggressively pursued for the development of the second tower and why they negotiated the right to opt out because of the effort the city took to get it built. Mr. Wackers states they are competing with environments with too much office space. Councilman Daley states to Councilman Bauer's suggestions another developer would build on that parcel. Mr. Wackers responds Hajjar thinks this is the best use of the parcel. Councilman Daley states to your point about the apartment development in Hartford, they are banking a lot on attracting the up-worldly mobile population. Mr. Wackers states it is 1500 units under development. Councilman Daley states New Haven has a similar development. Mr. Wackers states yes. This is our opportunity. Councilman Daley agrees about the underutilized resources of the spaces above retail on Main Street, would you say this type of development could spur additional developments. Mr. Wackers states it is similar for the Inn at Middletown and the movie theater. Councilman Daley states it brought about smaller investors. Mr. Wackers responds yes.

**3. Questions to Directors Closes.****4. Meeting adjourned.**

Councilman Streeto moves to adjourn and his motion is seconded by Councilman Giuliano. The vote is unanimous and the meeting is declared adjourned at 7:31 p.m.

ATTEST:

MARIE O. NORWOOD  
COMMON COUNCIL CLERK